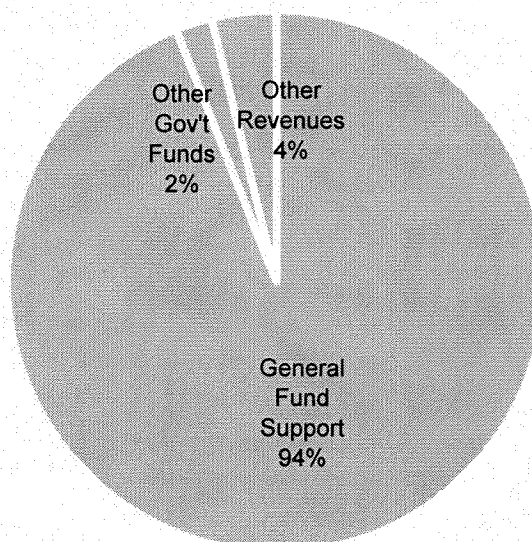


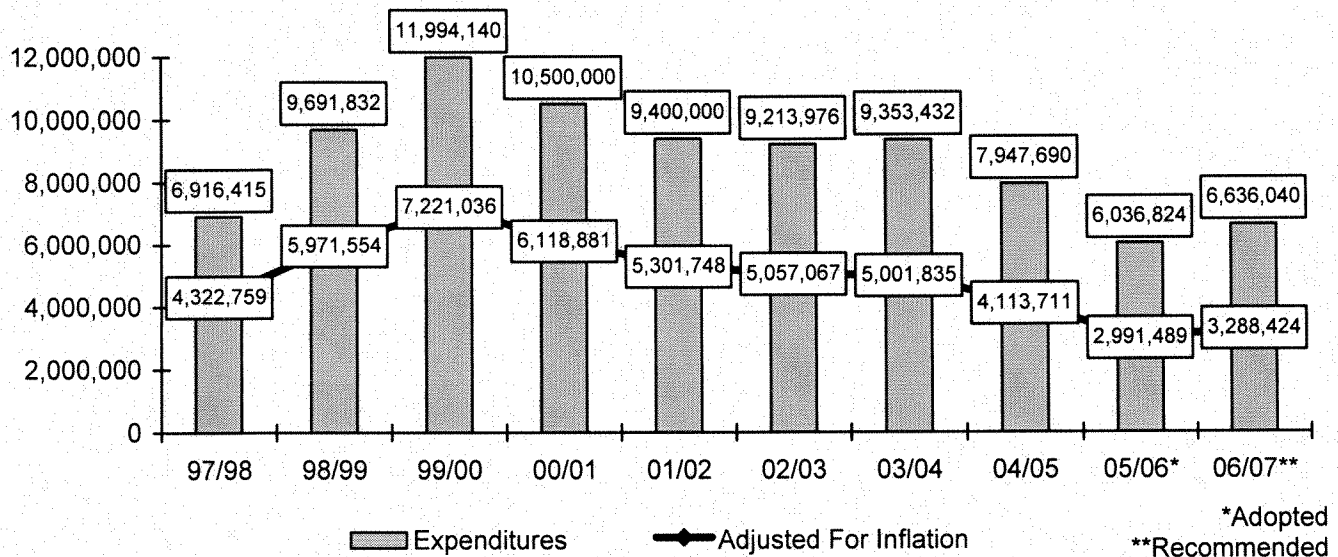
PURPOSE

To provide funds for uncollectible charges to indigent patients and grant payments to the Community Health Center of the Central Coast.

<u>Financial Summary</u>	<u>2005-06 Budget</u>	<u>2005-06 Projected</u>	<u>2006-07 Requested</u>	<u>2006-07 Recommended</u>	<u>Change From 2005-06</u>
Revenues	\$ 236,760	\$ 316,760	\$ 364,461	\$ 364,461	\$ 127,701
Salary and Benefits	0	0	564,000	564,000	564,000
Services and Supplies	5,514,784	5,332,509	5,550,000	5,550,000	35,216
Other Charges	522,040	522,040	522,040	522,040	0
**Gross Expenditures	\$ 6,036,824	\$ 5,854,549	\$ 6,636,040	\$ 6,636,040	\$ 599,216
General Fund Support (G.F.S.)	<u>\$ 5,800,064</u>	<u>\$ 5,537,789</u>	<u>\$ 6,271,579</u>	<u>\$ 6,271,579</u>	<u>\$ 471,515</u>

Source of Funds

10 Year Expenditures Adjusted For Inflation



COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The Medical Assistance Program budget historically contained the General Fund contribution to the County hospital and outpatient clinics. In 2003, the County closed General Hospital and, in 2004, transferred operation of the outpatient primary care clinics to the Community Health Centers of the Central Coast (CHC).

This budget now includes funding provided to CHC for clinic and pharmacy operations as outlined in the contracts between the County and CHC. Those contracts specify that annual adjustments to the payments made by the County will be based on consumer and pharmaceutical price indices. However, the contracts also specify that the maximum annual increase in the clinic and pharmacy grants will not exceed 3% and 7.5% respectively. For FY 2006-07, the clinic grant will increase by about \$162,000, for a total of approximately \$3.75 million. The pharmacy grant will increase by about \$51,000, for a total of \$1.28 million.

In the fall of 2005, the Health Agency Director presented the Board with a report on the first year of operations under our contract with CHC. The Health Agency's analysis indicated that CHC's financial position had significantly improved as a result of contracting with the County. Since then, Health Agency staff have been in discussion with CHC about options for expanding services as a result of this favorable financial status.

This budget also includes the General Fund contribution to the County Medical Services Program (fund center 350) to pay for inpatient hospital services previously provided at General Hospital as well as payments to physician specialists who treat County Medical Services Program (CMSP) patients. In 2004, the Board authorized a higher rate of reimbursement for specialists who see CMSP patients, funded with savings from the closure of General Hospital. For FY 2006-07, the General Fund contribution for the above referenced services is anticipated to remain at the FY 2005-06 amount of \$522,000.

In FY 2005-06 and again in FY 2006-07, this budget includes funding for water, sewer, electricity and other utility expenses incurred while the former hospital is being remodeled. The remodel is expected to be complete in late spring of 2007. County departments that move into the remodeled facility will assume responsibility for these payments beginning in FY 2007-08. The money those departments are currently spending on utility expenses in leased facilities will be redirected to pay these costs.

Finally, the budget also includes residual worker's compensation payments related to claims filed by County employees who worked at the County's hospital and clinics. For FY 2006-07, the estimated expense for this is about \$560,000. This financial obligation is expected to decline and ultimately cease within the next several years.

Recommended revenues reflect rent payments from CHC for County-owned facilities CHC leases in San Luis Obispo and Atascadero. In addition, the state has authorized the County to use a portion – about \$125,000 – of California Healthcare for Indigent Program (CHIP) funds to offset the County's contract with CHC. Those revenues are also included in this fund center.